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天虹紡織集團有限公司 TEXHONG TEXTILE GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

Based on a review of the Group's unaudited management accounts for the nine months ended 30 September 2011, the earnings of the Group for the year ending 31 December 2011 is expected to drop substantially as compared to the financial results of the Group for year ended 31 December 2010.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Texhong Textile Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company and potential investors that, based on a review of the Group's unaudited management accounts for the nine months ended 30 September 2011, the earnings of the Group for the year ending 31 December 2011 is expected to drop substantially as compared to the financial results of the Group for the year ended 31 December 2010. Contrasted with the exceptionally high cotton price during the second half of 2010 which brought the Group with a record high performance during the year ended 31 December 2010, the cotton price started to drop since the second quarter of 2011 and remained at a comparatively low level in the third quarter of 2011. As the Group's product selling prices are highly dependent on the cotton price, the decline in cotton price exerted much pressure on the Group's product selling prices.

Nevertheless, the Board is of the view that the financial position of the Group remains solid. As of 30 September 2011, the Group's cash and cash equivalent (excluding pledged bank deposits) was about RMB787 million. In the third quarter of 2011, the Group sold more than 50,000 tonnes of yarns. The inventories also reduced to about RMB1.45 billion as of 30 September 2011. The Group is well positioned to weather the current uncertain business environment, as well as to capitalize on any potential business opportunities.

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2011, which have not yet been confirmed or reviewed by the Company's auditors or the audit committee of the Company and finalized as at the date of this announcement. Audited financial information of the Group for the year ending 31 December 2011 will be disclosed in the results announcement by the end of March 2012 in compliance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang
Mr. Tang Daoping
Mr. Gong Zhao

Independent non-executive Directors:

Ms. Zhu Lanfen
Prof. Cheng Longdi
Mr. Ting Leung Huel, Stephen

By Order of the Board
Texhong Textile Group Limited
Hong Tianzhu
Chairman

Hong Kong, 12 October 2011